

**Internal Revenue Service**  
**P.O. Box 2508**  
**Cincinnati, OH 45201**

**Department of the Treasury**

**Date: September 23, 2009**

**Employer Identification Number:**

**Number: 200951036**  
**Release Date: 12/18/2009**

**Contact Person - ID**

**Contact Telephone Number:**

**UIL 4945.04-04**

**LEGEND**

**W= Name of Organization**  
**X= Educational Institution**

**Dear :**

We have considered your request for advance approval of your grant-making program under section 4945 (g)(1) of the Internal Revenue Code, dated July 2, 2008.

Our records indicate that W has been recognized as a non-exempt charitable trust under Internal Revenue Code Section 4947 and that it was previously classified as a supporting organization under Internal Revenue Code Section 509(a)(3). It was converted to a private foundation, as defined in section 509(a), by provision of the Pension Protection Act of 2006 on August 17, 2007. The programs were previously operated by W during the period when it was classified as a supporting organization under Internal Revenue Code Section 509(a)(3).

Your letter indicates that W will be providing scholarships to academically-qualified students who attend or desire to attend X and who are in need of financial assistance. The number of scholarships that are awarded and the amount of each scholarship varies depending upon the required amount and the number of qualified applicants. The "Required amount" is defined as the net income of the Trust, or if greater, the amount that must be distributed to enable the Trust to satisfy the Code Section 4942 "minimum distribution" requirements (after taking into account administrative expenses and qualifying distribution carry forwards).

The College's Financial Aid Office will recommend students based upon academic achievement and financial need. The Financial Aid Office then will forward those recommendations to the College's Academic Dean for approval. The College's Academic Dean is the sole member of the "Recommendation Committee". The "Recommendation Committee" recommends which students should receive scholarships. Once the Academic Dean approves the students, the Financial Aid Office advises the

students that they have been nominated to receive a scholarship and asks the nominated students to provide a brief statement about their achievements. The statements and the Recommendation Committee's recommendations are forwarded to the Trustee of W. The Trustee then selects which students should receive scholarships. The College offers the scholarship on a per year basis. There is no action required by a student to be nominated for initial or subsequent scholarships. Students do not apply for scholarships but instead they are nominated.

All scholarships are awarded on an objective and non-discriminatory basis. No scholarships may be awarded to any individual who is related by blood, adoption or marriage to any member of the Recommendation Committee or any disqualified person of the Trust as a first cousin or nearer relative as outlined in the Trust's Conflict of Interest Policy.

The Trustee pays each scholarship directly to the College. The Trustee provides a letter to the College specifying that the College's acceptance of the scholarship proceeds constitutes the College's agreement to (i) refund any unearned portion of a scholarship if, subsequent to the payment of a scholarship, a scholarship recipient fails to meet any term or condition of the Scholarship Program; and (ii) notify the Trustee if a scholarship recipient fails to meet any term or condition the Scholarship Program.

The Foundation will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that they have undertaken the supervision and investigation of grants.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic,

musical , scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that, effective July 2, 2008 your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures as of July 2, 2008, are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein, effective July 2, 2008, constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements